

May 30, 2018

Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Subject: Wholesale Water Price Increase

Dear Commission:

The Public Service Commission of South Carolina issued CUC's current service rates in Docket No. 2013-451-W/S, Order No. 2014-1001 on December 3, 2014. This Order allows CUC to pass through increases in wholesale water rates after giving our customers at least 30 days' notice and also providing notice and proof of the increase to you.

CUC purchases all of its water as a wholesale water customer of Beaufort-Jasper Water & Sewer Authority (BJWSA). At the time the above Order was issued, BJWSA's wholesale water rate to CUC was \$2.26 per thousand gallons and the customer rate was \$5.10/kgal. Following a BJWSA \$0.05 increase/kgal that went into effect on July 1, 2015, CUC's wholesale rate became \$2.31/kgal, which in turn made our customer rate increase to \$5.15/kgal. On May 10, 2016, BJWSA notified CUC that an increase of \$0.02/kgal would go into effect on July 1, 2016. That made our wholesale rate \$2.33/kgal and our customer rate \$5.17/kgal. On May 10, 2017, BJWSA sent us a letter notifying us of a \$0.16/kgal increase, which increased our wholesale rate to \$2.49/kgal, and our customer rate to \$5.33/kgal, effective July 1, 2017.

We have received a letter from BJWSA, dated May 21, 2018, which states that our wholesale rate will increase to \$2.61/kgal, effective July 2, 2018. This is an increase of \$0.12/kgal, which will make our customer rate increase to \$5.45/kgal.

I am enclosing a copy of the letter we received from BJWSA regarding this increase. Our customers will be notified of this increase with their July 1, 2018 billing statements. They will not be billed for the increase until the September 1, 2018 billings. Because we now bill bi-monthly, that billing will be for July and August service. The July 1, 2018 notification will provide our customers with 60 days of notice for the increase.

Please let us know if we can provide you with any additional information.

Sincerely yours



Susan B. Mikell
President



cc: Office of Regulatory Staff
Enclosure



6 SNAKE ROAD, OKATIE, SC 29909-3937
Phone 843.987.8100 | Fax 843.548.0096
Customer Service 843.987.9200
Operations & Maintenance 843.987.8046
Engineering 843.987.8065

www.bjwsa.org

Our mission: "Inspire trust and enhance public health"

ED SAXON, PE, GENERAL MANAGER
843.987.8040 (o) | 843.263.1924 (c)

May 21, 2018

Callawassie CUC, Inc.
Ms. Susan Mikell, President
2109 Timberland Drive
Florence, SC 29506

Re: Wholesale Water Rate Increase

Dear Ms. Mikell,

Please accept this letter as notification that your Wholesale Water Rate will be increasing effective July 1, 2018. After updating our cost of service model, the new rate per 1,000 gallons will be \$2.61 which is a 5% (\$0.12/kgal) increase. We anticipate our Board will adopt this rate at the June 28, 2018 meeting.

There have been no allocation changes or methodology changes in the calculation of your rate. For FY2019, total operating expenses are increasing 4.9% over FY2018 forecasts primarily due to increases in personnel and benefit costs, contract labor, and professional fees. Much like the water industry as a whole, BJWSA continues to experience fluctuating customer demand, which affects retail and wholesale revenues. Wholesale consumption is projected to decrease 3% from FY2018 to FY2019. Retail consumption is projected to remain flat from FY2018 to FY2019. With this rate increase, we are only recovering 83% of allocated costs for Callawassie.

You are a valued wholesale customer and we welcome any inquiries you may have about our rates. If you have any questions or concerns, please feel free to contact me at 843-987-8081 or email me at sarah.linkimer@bjwsa.org.

Sincerely,

Sarah Linkimer
DGM – Finance & Administration

DONNA L. ALTMAN
CHAIR

JIMMY BAKER
DAVID S. LOTT
GERALD H. SCHULZE

MICHAEL L. BELL
VICE-CHAIR

LORRAINE W. BOND
GREGORY A. PADGETT
DR. WILLIAM SINGLETON

DONALD A. MANSON
SECRETARY/TREASURER

BRANDY M. GRAY
R. THAYER RIVERS, JR.